

## EMPLOYMENT CONTRACT

This Agreement, made and entered into this 1st day of June, 1999, by and between HEALTH MIDWEST (referred to as the "Employer") and Joseph L. Hiersteiner (the "Employee").

1. The Employee will render full time professional services to the Employer in the capacity of Senior Vice President and General Counsel for the term of this contract. He will at all times faithfully, industriously and to the best of his ability, perform all duties that may be required of him by virtue of his position as Senior Vice President and General Counsel to the reasonable satisfaction of the President of Health Midwest. His duties shall specifically include management of the legal and risk management functions for the System, attendance at meetings of the Board of Directors of Health Midwest and at other corporations as necessary and reporting to such bodies as appropriate. In addition, he shall perform in the same manner any other duties assigned or delegated to him by the Board or the President of Health Midwest.

2. The term of this Employment Contract shall be effective as of June 1, 1999, and shall continue for a period of one year thereafter. The term shall be automatically renewed from year to year unless either party shall have given notice of termination in accordance with the provisions of paragraphs 7, 8 or 9 hereof.

3. In consideration for his services as Senior Vice President and General Counsel, the Employer agrees to pay the Employee such compensation as they shall mutually agree upon at the annual review of his job performance and compensation. This annual review shall occur prior to January 1 each year of the contract with changes in the salary becoming effective the first day of the first pay period in the calendar year. The agreed salary shall be payable in equal installments throughout the contract year according to the Health Midwest monthly confidential payroll cycle or such payroll cycle that might replace the Health Midwest monthly confidential payroll cycle.

4. A. The Employee shall be eligible to participate in all of the fringe benefit programs available to senior executives of Health Midwest and in any improvements or decreases made in those programs for senior executives of the Employer.

B. The Employee shall be entitled to four weeks of compensated vacation time in each of the contract years. The Employee may carry over a maximum aggregate of two weeks to succeeding years.

C. The Employee will be permitted to be absent during working days to attend professional meetings and to attend to professional duties in the health care field that are related to his duties under this contract.



5. The Employer agrees to pay dues to professional associations and societies and to such service organizations as are approved by the President of Health Midwest as being in the best interests of the Employer. The Employer shall reimburse the Employee for reasonable expenses incurred by him incident to attendance at professional meetings, and shall reimburse such reasonable entertainment expenses incurred by the Employee in furtherance of the Employer's interests.

6. The Employer agrees to provide an automobile allowance and cellular phone for the use of the Employee in accordance with the current policies of Health Midwest. Personal use of the cellular phone will be accounted for in accordance with Internal Revenue Service regulations and policies.

7. The President of Health Midwest may, with the approval of the Policy Committee of the Board of Health Midwest, terminate the Employee's duties as effective as of the date set forth in a written notice delivered to the Employee. After the effective date of such termination, all rights, duties and obligations of both parties under this Agreement shall cease, except that the Employer shall pay the Employee his then current salary for the pay period in which his duties were terminated and shall continue such payments at the same rate for the number of pay periods thereafter that will result in one year's salary as an agreed upon termination payment. During this one-year period, the Employee shall not be required to perform any duties for the Employer or come to work at the Employer's premises. Neither shall the fact that he seeks, accepts and undertakes other

employment during this period affect such payments. In addition, for the period during which such payments are being made, the Employer agrees to maintain the Employee's group term life and long term disability coverage on the same basis as such coverage is still provided to senior executives at the time such payments are due provided that the Employee qualifies for such benefits pursuant to the rules and regulations of the insurance carrier (with respect to insurance benefits) until the Employee obtains employment elsewhere with such benefits. The value of the benefits and/or premium level at the new employer need not be comparable to those at Health Midwest. In the event the Employee is not so qualified, the Employer will pay Employee cash amounts equal to its current cost of providing such benefits. For the period during which such payments are being made, the Employer also agrees to pay the COBRA continuation costs at the same percentage it pays the premium for health and/or dental coverage (including the Exec-u-Care coverage) provided such benefits are still provided for senior executives at the time such payments are due until the Employee obtains employment elsewhere with similar benefits. The value of the benefits, the benefit design and/or premium level at the new employer need not be comparable to those at Health Midwest.

8. Should the President of Health Midwest change the Employee's duties so it can reasonably be found that he is no longer performing the duties of the Senior Vice President and General Counsel, the Employee shall have the right, in his complete discretion, to terminate this contract by sixty (60) days written notice delivered to the President of Health Midwest. After the effective date of such



termination, all rights, duties and obligations of both parties shall cease, except that the Employer shall pay the Employee his then current salary for the period of time prior to his actual termination date, and for one year thereafter, paid according to the Health Midwest monthly confidential payroll cycle, or such payroll cycle that might replace the Health Midwest monthly confidential payroll cycle, as the agreed upon termination payment. During this period, the Employee shall not be required to perform any duties for the Employer or come to work at the Employer's premises. The Employee shall, however, have the duty to seek other employment to mitigate his damages, and the compensation which the Employee receives during such one-year period shall reduce the Employer's obligation to make termination payments. In addition, for the period during which such payments are being made, the Employer agrees to maintain the Employee's group term life, and long term disability coverage on the same basis as such coverage is still provided to senior executives at the time such payments are due provided that the Employee qualifies for such benefits pursuant to the rules and regulations of the insurance carrier (with respect to insurance benefits) until the Employee obtains employment elsewhere with similar benefits. The value of the benefits, the benefit design and/or premium level at the new employer need not be comparable to those at Health Midwest. In the event the Employee is not so qualified, the Employer will pay Employee cash amounts equal to its current cost of providing such benefits. For the period during which such payments are being made, the Employer also agrees to pay the COBRA continuation costs at the same percentage it pays the premium for health and/or dental coverage (including the Exec-u-Care coverage) provided such benefits are still provided for senior

executives at the time such payments are due until the Employee obtains employment elsewhere with similar benefits. The value of the benefits, the benefit design and/or premium level at the new employer need not be comparable to those at Health Midwest.

9. Should the Employee in his discretion elect to terminate this contract for any other reason than as stated in Paragraph 8, he shall give the President of Health Midwest one hundred twenty (120) days written notice of his decision to terminate. At the end of these one hundred twenty (120) days, all rights, duties and obligations of both parties to the contract shall cease; provided that Health Midwest may, at its option, designate an earlier date for the termination within said one hundred twenty (120) day period. If an earlier date for termination is determined, the Employee will continue to receive salary and benefits as though the full one hundred twenty 120 day period has been worked.

10. The Employee, for a period of one year following the termination of his employment pursuant to paragraph 9, will not without the consent of the Employer accept any position in an executive capacity for any health care provider or health insurance entity in the ten-county greater Kansas City Metropolitan Area, Wesley Medical Center in Wichita, Kansas, Stormont Vail Hospital in Topeka, Kansas, or for any entity within a 200-mile radius of Kansas City which is owned, leased, managed or otherwise affiliated with Columbia/HCA Healthcare Corp., or other national for-profit hospital chain. Except for the limitations specifically set forth herein, the Employee shall be free to engage in work and perform services



for himself or for any other person, firm or corporation without limitation, provided, however, that the Employee may not use or disclose any proprietary or business-related information that he has acquired about the Employer, including, but not limited to, all finance matters, business matters, physician matters, human resource matters, and long-range planning information. Employee specifically acknowledges his professional responsibility with respect to information obtained in the representation of the Employer during the term of this Agreement, as set forth in the Missouri Supreme Court Rules of Professional Conduct, Rule 4-1.9. If the Employer prevails in an action against Employee for breach of this paragraph 10, in addition to any injunctive relief and/or damages that may be awarded, the Employee will be responsible for paying the Employer's costs and expenses, including attorney's fees. Because the amount of damages due to a breach of any of the provisions of this paragraph 10 is not capable of exact calculation, the parties agree that if the Employer prevails in an action for breach of this paragraph 10, the Employer will be entitled to liquidated damages in the amount of \$100,000.

11. Upon the death or disability of the Employee, this contract shall terminate and all rights, duties and obligations of both parties shall cease, except for the payments of benefits to the Employee and his beneficiaries pursuant to death benefit in Appendix A, long-term disability, pension and other fringe benefit plans then in effect which have death or disability benefits.

12. This contract constitutes the entire agreement between the parties and contains all the agreements between them with respect to the subject matter hereof. It supersedes any and all other agreements or contracts, either oral or written, between the parties with respect to the subject matter hereof.

13. Except as otherwise specifically provided, the terms and conditions of this contract may be amended at any time by mutual agreement of the parties, provided that before any amendment shall be valid or effective, it shall have been reduced to writing and approved by the President of Health Midwest and by the Policy Committee of the Health Midwest Board.

14. The invalidity or unenforceability of any particular provision of this contract shall not affect its other provisions, and this contract shall be construed in all respects as if such invalid or unenforceable provision has been omitted.

15. This Agreement shall be binding upon and inure to the benefit of the Employer and its successors and assigns, and shall be binding upon and inure to the benefit of the Employee, his administrators, executors, legatees, heirs and assigns; provided, however, if the Employer shall assign this agreement to any entity other than a "System employer", as that term is defined in the Health Midwest Retirement Reserve Plan as it may be amended, such assignment shall be deemed to be a change of the Employee's duties so that the provisions of paragraph 8 hereof shall become effective and the Employee shall have the right to terminate as described therein.



16. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Missouri.

HEALTH MIDWEST

By: Richard W. Brown 7/16/99  
Richard W. Brown Date  
President

Accepted: Joseph L. Hiersteiner 8/1/99  
Joseph L. Hiersteiner Date

## APPENDIX A

[on copy]

Hiersteiner, contract



Exec-U-Care Medical Reimbursement Insurance

Exec-U-Care pays for many expenses not payable under Health Midwest's basic health care plan up to a specified annual limit. Examples of covered expenses include deductibles, coinsurance and excess amounts, special health equipment and supplies, professional nurses and physical therapists, and dental and vision care. Exec-U-Care also offers an additional \$100,000 accidental death and dismemberment insurance.

Long Term Disability

Key executives are eligible for a long term disability benefit equivalent to 60% of monthly salary to a maximum of \$18,000 per month, after 90 calendar days of a disabling illness or injury. Premiums are fully paid by Health Midwest.

Death Benefit

If death occurs during employment, spouse and children will receive three month salary continuation and COBRA premium paid for three months for continuance of

dental insurance, health insurance and Exec-U-Care Medical Reimbursement Insurance.

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